

Eric Kobren's
FIDELITY INSIGHT
 THE INDEPENDENT REPORT ON FIDELITY FUNDS

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ERIC'S OUTLOOK

**Will The Next Six Months
 Be As Painful As The Last?**

Okay, the past month has been a little better. Stocks and bonds bounced back a little as bargain hunters swooped in to buy up some of the downtrodden financial services stocks and beat-up tech stocks. But it was too little, too late to bring the broad market indexes into the black for the first quarter. For the good, the bad, and the ugly, see *Fund Commentary* (p. 4).



Eric M. Kobren

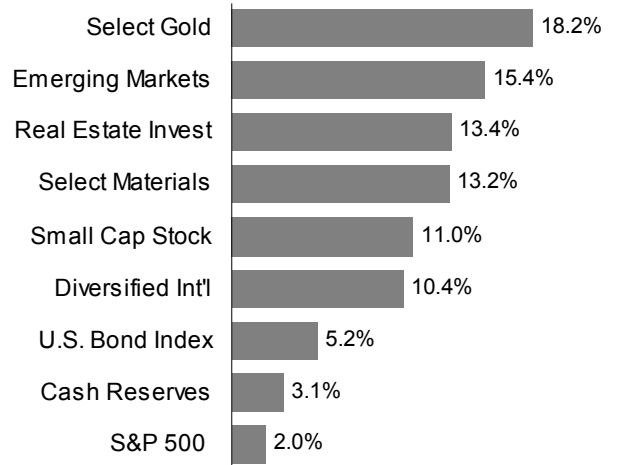
Indeed, the past six months have been an exercise in pain management. Every time you think the market can't get worse, it does. Every time you think the economy can't get worse, it does.

I'd like to say that my 30-plus years on *Wall Street* have prepared me well to handle these difficult environments. But, I'd be lying. In addition to publishing *Insight* reports, I manage over a billion dollars in assets. I am also the largest shareholder of the **E*Trade Kobren Growth** fund (KOGRX). When the market goes down, *I feel your pain*, both professionally and personally.

Despite the pain of recent losses, it is important to keep the constant stream of economic and market news in perspective. Unlike 30 years ago, the age of the Internet has brought us a barrage of sound bites and data points. You would think that this information would make us better investors, but it doesn't. Investors continue to *buy* when they

THE POWER OF DIVERSIFICATION

Avg Annual Returns Over Last 10 Years (Apr 99 - Mar 08)



Over the last 10 years, the S&P 500 returned just 2% per year, less than a money market fund. But funds in other areas have done much better, as shown above. This underscores the importance of a well-diversified portfolio.

should be *selling* (and vice versa) despite, perhaps because of, so much more information at their fingertips. Understanding the bigger economic picture, acknowledging the randomness/unpredictability of short-term market movements and keeping your portfolio on track with your long-term objectives is more important than where the broad market is going over the next six months.

Economic Reality: Weakness For Some Time

With those caveats made, I'm of the opinion that the economy will continue to limp along for the remainder of the year. Most recent economic data remains weak. Durable goods orders fell 1.7% in February after declining 4.7% in January. Manufacturing activity slowed in February as well, with the ISM index falling to 48.3, from 50.7 in January (a reading below 50 indicates a contraction). New home sales slid 1.8% in February to the lowest level since 1995, and 29.8% below last February's level. One bright spot was that existing home sales unexpectedly rose 2.9%, although that was accompanied by an 8.7% decline in the median price for single family homes. In short, we may already be in a recession and **we will likely**

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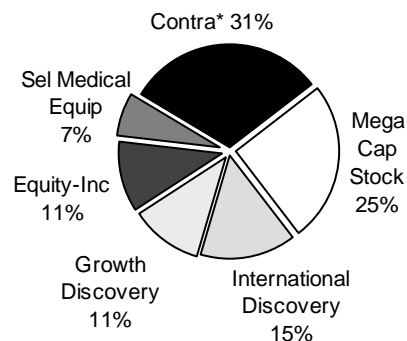
Eric's Outlook *cont'd* on page 3

FIDELITY INSIGHT MODEL PORTFOLIOS - MARCH 31, 2008

Aggressive Growth Model		Rel Vol: 0.95	Est. Yield: 0.6%	YTD Return: -12.6%		
Current Asset Allocation		Stocks 93.9%	Bonds 0.0%	Cash 6.1%	Alternative ¹ 0.2%	Foreign 27.6%
Holdings	Ticker	Alloc	NAV	Shares	Value	Mar. Ret
Contrafund*	FCNTX	31%	\$64.26	837.40	\$53,811	-1.6%
Mega Cap Stock	FGRTX	25	10.35	4,015.74	41,563	-2.2
International Discovery	FIGRX	15	38.14	654.39	24,958	-2.0
Growth Discovery	FDSVX	11	14.07	1,367.15	19,236	-2.8
Equity-Income	FEQIX	11	48.94	384.33	18,809	-1.1
Select Medical Equip	FSMEX	7	23.99	466.43	11,190	-1.7
Current Value (4/7/99 = \$100,000)					\$169,567	-2.5%

*Closed; new members use **Blue Chip Growth** (FBGRX).

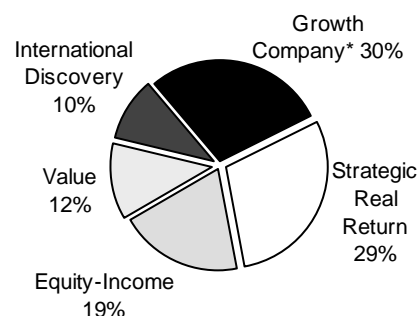
For aggressive members who have no need for income or principal for more than 10 years. Target volatility range: 0.50-1.50.



Growth Model		Rel Vol: 0.77	Est. Yield: 1.7%	YTD Return: -7.7%		
Current Asset Allocation		Stocks 69.6%	Bonds 8.5%	Cash 3.2%	Alternative ¹ 18.7%	Foreign 18.1%
Holdings	Ticker	Alloc	NAV	Shares	Value	Mar. Ret
Growth Company*	FDGRX	30%	\$73.30	4,419.37	\$323,940	-0.3%
Strategic Real Return	FSRRX	29	10.22	31,312.95	320,018	-1.8
Equity-Income	FEQIX	19	48.94	4,414.42	216,042	-1.1
Value	FDVLX	12	68.12	2,008.08	136,791	-0.4
International Discovery	FIGRX	10	38.14	3,030.42	115,580	-2.0
Current Value (1/1/87 = \$100,000)					\$1,112,371	-1.3%

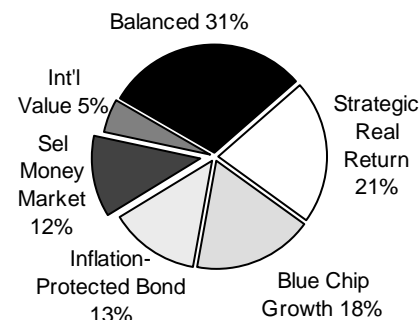
*Closed; new members use **Blue Chip Growth** (FBGRX).

For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.



Growth & Income Model		Rel Vol: 0.45	Est. Yield: 2.2%	YTD Return: -3.9%		
Current Asset Allocation		Stocks 41.9%	Bonds 27.8%	Cash 16.7%	Alternative ¹ 13.7%	Foreign 11.3%
Holdings	Ticker	Alloc	NAV	Shares	Value	Mar. Ret
Balanced	FBALX	31%	\$18.18	14,355.31	\$260,980	-1.8%
Strategic Real Return	FSRRX	21	10.22	17,916.02	183,102	-1.8
Blue Chip Growth	FBGRX	18	39.40	3,878.58	152,816	0.0
Inflation-Protected Bond	FINPX	13	11.54	9,886.70	114,093	-0.3
Select Money Market	FSLXX	12	1.00	106,052.32	106,052	0.3
International Value	FIVLX	5	10.40	4,160.96	43,274	-0.7
Current Value (1/1/87 = \$100,000)					\$860,317	-1.0%

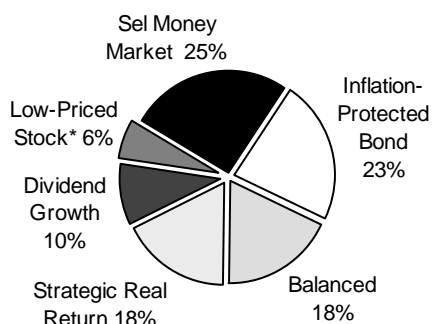
A good choice for members retiring in five-10 years looking for less volatility than the market. Seeks a yield in excess of the S&P 500. Target volatility range: 0.25-0.75.



Income & Preservation Model		Rel Vol: 0.29	Est. Yield: 2.3%	YTD Return: -1.4%		
Current Asset Allocation		Stocks 25.8%	Bonds 29.8%	Cash 33.1%	Alternative ¹ 11.3%	Foreign 4.5%
Holdings	Ticker	Alloc	NAV	Shares	Value	Mar. Ret
Select Money Market	FSLXX	25%	\$1.00	137,650.53	\$137,651	0.3%
Inflation-Protected Bond	FINPX	23	11.54	10,250.02	118,285	-0.3
Balanced	FBALX	18	18.18	5,079.30	92,342	-1.8
Strategic Real Return	FSRRX	18	10.22	8,948.44	91,453	-1.8
Dividend Growth	FDGFX	10	26.48	1,900.78	50,333	-1.9
Low-Priced Stock*	FLPSX	6	37.99	856.20	32,527	-1.8
Current Value (1/1/87 = \$100,000)					\$522,591	-1.0%

*Closed; new members use **Small Cap Growth** (FCPGX).

For members needing income and protection of their purchasing power against inflation. Seeks a yield at least twice the S&P 500. Target volatility range: 0.10-0.50.



¹Alternative investments include such areas as high-yield bonds, commodities, real estate. Portfolio trades and total returns do not take taxes into account, however redemption and exchange fees are included. Figures may be rounded. Dividends are reinvested. Consider the tax implications of trades before you decide to buy or sell any fund. Any trades are detailed on p. 3 and are announced on Friday evening Hotline updates via telephone, e-mail, and web (see p. 12). Use non-Spartan fund alternatives if Spartan minimums can't be met. **Annuity Model Portfolios** are on p. 9.

remain in a “modestly” negative economic growth state for some time.

The best efforts of the Federal Reserve and other potential government aid will not be able to overcome the collective problem of the weak housing market, high energy prices, tighter credit and general de-leveraging by consumers and businesses.

We've had years of artificially cheap and plentiful capital which has led to excessive leverage (borrowing) and risk taking — and that usually ends badly. In any case, it will take a good deal of time to unwind this leverage.

This goes well beyond those homeowners who have negative equity on their homes, or the bank that is holding the mortgage. I suspect that the de-leveraging phenomenon will continue to hit mergers and acquisitions (leveraged buyouts), commercial real estate and capital expenditures in general. There may very well be other financial institutions that find themselves in a cash squeeze like Bear Stearns. That is where we are today.

WHICH FUNDS SHOULD YOU BUY NOW!

Equity Funds: **Mega Cap Stock** provides exposure to very large, “mega-cap” stocks. **Growth Discovery** looks for companies of all market capitalizations that exhibit high growth potential.

Specialty Funds: **Strategic Real Return** (p. 10), with its mix of sectors, affords inflation protection and portfolio diversification.

Fixed-Income Funds: **Inflation-Protected Bond**, as its name implies, has inflation-protection features. **Select Money Market** and **Cash Reserves** are our preferred funds in this interest-rate environment.

International Funds: Emerging markets remain volatile. We favor developed-market funds with some emerging market exposure such as **International Discovery** (p. 5). ■

While the Federal Reserve has been aggressively lowering rates and injecting liquidity, it cannot solve the problems of excessive leverage by offering more cheap capital! Ultimately, I fear that will only serve to extend the pain.

But The Market Will Lead

One of the mistakes investors often make is to think that the economy leads the market. Not true! The market leads the economy. As I've noted in this space many times before, the market is an anticipatory mechanism. It is less concerned with what is hap-

pening today than with what will be happening six months or more from now. What this means is that the market will likely turn well before there is solid evidence that the economy is recovering, or before we are free from worry about problems in the financial sector.

Along those lines, it is interesting that a number of very smart professional investors that I know and respect are starting to get excited about some of the opportunities in stocks today, including financials. They may not be buying quite yet, but they are watching this area closely.

Of course they have more of a trading mentality than I do (I'm strictly a long-term investor) and perhaps all we are looking at is a trading opportunity. But my hunch is that we are probably close to a bottom.

Importantly, when the market finally does turn, it usually records its biggest gains early on. In fact, some big gains come before the actual turn as part of the “bottoming process.” The two 400+ point up days we had in March are typical of such a bottoming process.

That is why you just have to hang in there, accept the pain and know that in 10 years your portfolio will be worth more than it is today. ■

MODEL PORTFOLIO TRADES

As announced on our March 20 Hotline, effective Monday March 24, we made the following trades in our Model Portfolios:

Action	Fund	Shares	Price	Value	Old%	New%
Aggressive Growth Model:						
Sold:	Emerging Markets	225.27	\$28.71	\$6,467.57	4%	0%
Added to:	International Discovery	173.86	\$37.20	\$6,467.57	10%	14%
Sold 1/2:	Growth Discovery	1,367.15	\$14.14	\$19,331.56	23%	11%
Bought:	Equity-Income	384.33	\$50.30	\$19,331.56	0%	11%

Please note that Emerging Markets has a 1.5%/90-day short-term trading fee.

Growth Model:

Sold:	Small Cap Growth	4,106.98	\$13.49	\$55,403.11	5%	0%
Added to:	Value	797.74	\$69.45	\$55,403.11	8%	12%

Please note that Small Cap Growth has a 1.5%/90-day short-term trading fee.

These trades seek to modestly trim both models' biases to growth stocks while increasing their value exposure. Also, the sale of Emerging Markets reflects our view that valuations are stretched in that area of the world's equity markets.

ANNUAL MODEL PORTFOLIO RETURNS (%)

Model	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07
Aggr Growth												31.4	-8.4	-20.9	-15.8	36.6	14.8	17.9	14.2	14.5
Growth	18.9	34.3	1.0	24.7	13.0	18.0	-0.1	23.9	13.8	17.2	3.3	30.7	-2.1	-2.7	-14.0	33.0	14.4	11.1	11.8	7.8
Growth & Inc	14.8	29.1	-1.3	24.6	14.2	18.2	-0.1	23.1	18.7	20.9	6.3	22.6	-2.1	-4.0	-9.7	27.1	11.5	5.2	10.2	7.3
Inc & Pres	10.2	17.7	0.8	20.9	11.4	16.7	-2.8	21.1	19.0	18.0	5.2	13.4	-1.4	-5.6	-6.8	18.9	7.0	3.5	7.2	5.2

An Active Fed Helps Stabilize Markets

Investors might think that a month that sees not one, but two days when the Dow Jones Industrials jumps over 400 points should be a strong one for the stock market.

But, in spite of those two big days, as well as the most stock-friendly activity by the Federal Reserve in memory, most major stock indexes ended March with only slight gains. Still, that was an improvement from the losses of the first two months.

For most of the month, two words dominated investor fears: credit crunch. Using almost every item in its tool box — and a few new ones — the Fed tried to do its part to help ease the crunch. Its best-known tool, of course, is setting interest rates. On that score, it came through with a 75-basis point (0.75%) rate cut on March 18, bringing the Fed Funds rate down to 2.25% — two percentage points lower for the year.

But perhaps the Fed's biggest move came on March 16 when J.P. Morgan, with a push and financial assurances from the Fed, agreed to a bargain basement takeover of Bear Stearns. The investment bank was in danger of collapsing under the weight of its subprime mortgage exposure. The Fed's fear was that Bear Stearns' collapse would trigger a "domino effect" of other failures. The Fed also moved to add over \$200 billion to the credit markets, plus another \$100 billion in April.

While all this Fed activity may have prevented a meltdown in the credit markets, so far they have yet to overcome a general reluctance by banks to lend money, which threatens economic growth. There was no

shortage of other negatives, as well: Oil prices hovered around \$105 a barrel; consumer spending slipped while confidence plunged; the dollar's slide continued; and corporate earnings, especially for financials, were generally weak.

One of the biggest blows came early in the month when the government reported that the U.S. economy shed some 63,000 jobs in February. Economists had been predicting an increase of 25,000 jobs.

Major Index Losses Contained

While the Fed's actions helped stabilize the stock market in March, returns were mixed and the markets remain solidly in the red for the year. The Dow Industrials were up 0.1%, while the S&P 500 lost 0.4%. Both the small-cap Russell 2000 rose and the tech-rich Nasdaq rose 0.4%. For the year, the Dow is off 7.0%, the S&P 500 is down 9.4% the Russell 2000 is off 9.9%, and the Nasdaq is down 13.9%.

Almost all of Fidelity's domestic stock funds were negative in March, with losses spread across market caps and styles. Among the best performers were large-cap, tech-heavy funds such as **Nasdaq Composite Index** (up 0.5%) **OTC** (up 0.1%). The mid-cap **Aggressive Growth** brought up the rear with a loss of 5.4% last month, while **Small Cap Growth** lost 3.6%.

Among some of Fidelity's larger funds, **Contrafund**, was off 1.6%, **Magellan** lost 2.2%, **Growth Discovery** was down 2.8%, **Low-Priced Stock** fell 1.8% and **Equity-Income** was off 1.1%

Select Funds

Unlike February, when funds tied to commodities and energy led the Select-fund pack, that group fell

victim to a general pullback in commodity prices. **Gold**, for example, fell 9.8% in March, while **Energy** was down 3.0%. **Natural Gas** fared better but still fell 1.7%, while **Energy Service** rose a modest 0.6%.

Reflecting the fact that even worried consumers have to eat, **Consumer Staples** was the best-performing Select fund in March, gaining 2.6%. For the year, **Gold** remains in the top spot with a gain of 4.9%, while the bottom is the largely made up of tech funds with losses in the 20% range.

Foreign Stock Funds

Although the long-range outlook for the world's developing markets remains positive, most investors seem to feel that valuations in these markets are stretched (including ourselves; see *Model Portfolio Trades* on p 3). Thus, **Emerging Markets** (down 6.3%) was Fidelity's worst-performing international fund in March, followed by **Southeast Asia** (down 6.2%) and **Pacific Basin** (down 5.5%). Among more diversified funds, **Int'l Discovery** was off 2.0% and **Diversified Int'l** was down 1.3%.

Bond Funds

Fidelity's bond funds were mixed, with investors continuing to favor the safety of Treasury funds. Thus, **Spartan Intermediate Treasury Index** (up 1.3%) was the best performing taxable fund, while **Ultra Short Bond** (down 4.1%) continues to suffer from subprime woes. Muni funds bounced back from what was seen as over-sold conditions as **Tax-Free Bond** gained 2.8% in March, while **Municipal Income** was up 2.6%.

The yield on **Cash Reserves** ended the month at 3.08% down from 3.58% in February. ■

Scorecard Changes

Fund	Style	Prior	New	Comments
Blue Chip Value	Large Blend	Hold	OK to Buy	Stock selection has improved; we like this area.
Sel Software & Computer	Specialty	OK to Buy	Hold	Capital spending is expected to slow.
Sel Telecommunications	Specialty	Hold	OK to Sell	Investor interest is waning and revenues slowing.
VIP Telecommunications	Specialty	Hold	OK to Sell	Investor interest is waning and revenues slowing.

FIDELITY SCORECARD - MARCH 31, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Mar.	YTD	2007	1 Year	3 Year	5 Year				
		S&P 500 (Large Cap)		1322.7		-0.4	-9.4	5.5	-5.0	6.8	11.9	1.00			
		Dow Industrials (Blue Chip)		12262.9		0.1	-7.0	8.9	1.6	9.6	12.6	0.91			
		Nasdaq Composite (OTC)		2279.1		0.4	-13.9	10.7	-5.1	4.9	11.7	1.13			
		Russell 2000 (Small Cap)		688.0		0.4	-9.9	-1.6	-13.0	7.9	16.7	1.25			
LARGE CAP GROWTH FUNDS						Category Averages			-1.8	-12.8	16.3	0.0	8.1	12.4	1.1
312	FBGRX	Blue Chip Growth		39.40	Buy	0.0	-10.6	11.8	0.6	4.6	8.2	0.99			
307	FDCAX	Capital Appreciation		23.44	Buy	-3.7	-12.4	6.9	-8.5	5.8	13.3	1.13			
22	FCNTX	Contrafund (closed)		64.26	Buy	-1.6	-11.2	19.8	4.9	11.2	15.7	0.93			
332	FEXPX	Export and Multinational	0.75%/30 days	22.06	Hold	-3.5	-14.3	15.3	-3.5	7.8	13.9	1.10			
500	FFTYX	Fifty		18.71	Hold	-4.0	-14.2	12.6	-7.7	7.5	10.2	1.12			
25	FDGRX	Growth Company (closed)		73.30	Buy	-0.3	-11.7	19.9	6.2	11.8	15.9	1.06			
339	FDSVX	Growth Discovery		14.07	Buy	-2.8	-13.5	26.8	9.4	11.6	11.9	1.02			
73	FDFFX	Independence		25.15	OK to Buy	-3.2	-9.1	29.5	15.4	14.7	16.4	1.32			
763	FSLGX	Large Cap Growth		9.17	OK to Sell	-4.0	-14.4	2.1	-12.7	1.2	8.9	0.97			
1829	FLGEX	Large Cap Growth Enhcd Index		9.12	Hold	-1.4	-11.4	2.1p	--	--	--	--			
338	FLCSX	Large Cap Stock		16.79	Buy	-0.8	-13.1	13.1	-3.2	7.3	10.3	1.09			
21	FMAGX	Magellan		82.26	OK to Buy	-2.2	-12.4	18.8	2.1	6.9	10.4	1.12			
1282	FNCMX	Nasdaq Composite Index	0.75%/90 days	30.23	Hold	0.5	-13.9	10.5	-5.3	5.1	--	1.07			
93	FOCPX	OTC		43.09	Buy	0.1	-17.4	26.1	2.5	9.8	13.7	1.18			
320	FDSSX	Stock Selector		26.39	Hold	-0.5	-10.5	11.8	-1.5	8.0	12.1	0.99			
5	FTRNX	Trend		60.27	OK to Buy	-1.5	-14.8	18.9	1.4	8.1	12.4	1.11			
LARGE CAP BLEND FUNDS						Category Averages			-1.5	-10.6	8.8	-4.7	6.6	11.6	1.0
1271	FBCVX	Blue Chip Value		13.23	OK to Buy↑	-1.3	-9.4	4.4	-7.7	6.4	--	1.11			
315	FDEQX	Disciplined Equity		25.84	Buy	-2.7	-12.5	10.8	-5.7	6.9	12.1	1.01			
330	FDGFX	Dividend Growth		26.48	Buy	-1.9	-9.9	1.1	-9.2	4.1	8.2	0.93			
3	FFIDX	Fidelity Fund		35.35	OK to Buy	-1.9	-11.3	16.8	1.7	8.8	12.2	0.99			
333	FTQGX	Focused Stock		11.95	Hold	0.8	-10.1	17.0	1.9	8.3	14.0	1.18			
27	FGRIX	Growth & Income		24.45	OK to Sell	-1.7	-10.4	0.7	-9.3	1.7	6.6	1.14			
1827	FLCEX	Large Cap Core Enhcd Index		9.13	Hold	-0.8	-10.2	1.0p	--	--	--	--			
361	FGRTX	Mega Cap Stock		10.35	Buy	-2.2	-11.3	11.1	-2.8	6.8	9.5	0.97			
317	FSMKX	Spartan 500 Index ⁴		91.73	Hold	-0.4	-9.5	5.4	-5.1	5.8	11.2	1.00			
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90 days	37.01	Hold	-0.6	-9.5	5.6	-5.8	6.4	12.3	1.00			
343	FTXMX	Tax Managed Stock	1.00%/2 years	14.19	OK to Buy	-3.5	-11.6	14.2	-3.5	8.1	13.6	1.01			
832	FVDFX	Value Discovery		15.94	Buy	-1.9	-11.1	9.7	-5.6	9.6	15.9	1.07			
LARGE CAP VALUE FUNDS						Category Averages			-1.3	-10.1	3.2	-9.0	5.5	12.4	1.1
23	FEQIX	Equity-Income		48.94	Buy	-1.1	-9.7	1.4	-9.4	5.7	12.4	1.06			
319	FEQTX	Equity-Income II		20.59	OK to Sell	-0.7	-9.7	4.5	-7.0	4.7	11.5	1.06			
708	FSLVX	Large Cap Value		12.83	Hold	-1.8	-11.5	3.7	-10.8	6.1	13.4	1.07			
1828	FLVEX	Large Cap Value Enhcd Index		8.55	Hold	-1.5	-9.5	-5.1p	--	--	--	--			

Notes: ¹ Relative Volatility of the fund versus the S&P 500 over the last 12 months; 1.50 means the fund has been 50% more volatile. ² Durations (a measure of interest rate sensitivity) reflect prior quarter figures. ³ Stated yield is before any inflation adjustment, your effective yield may be different. ⁴ Also available in an "Advantage" share class with a minimum of \$100,000, but a lower expense ratio of 0.07% (versus 0.10% for the existing class). ⁵ Also available in "Advantage" shares with a minimum of \$100,000, but a lower expense ratio of 0.10% (versus 0.20% for the investor class). (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

FUND FOCUS

Int'l Discovery: Light On Emerging Markets

In our Aggressive Growth Model this month, we sold **Emerging Markets** owing to concerns about valuations. We used the proceeds to increase our position in **International Discovery** (see *Model Portfolio Trades*, p. 3) where Bill Kennedy, who has been managing the fund since October 2004, shares our outlook regarding emerging markets. Currently, he holds less than 8% in those markets even though he is free to own up to 20% there.

"A lot of emerging markets don't fit my valuation criteria right now," Bill says. One area where he has cut his emerging market exposure over the past year or so is Eastern Europe, where he sees growing budget deficits in several countries.

But even a small exposure to emerging markets, as well as about a 16% weight in financials — down from 28% a year ago — have contributed to a 11.5% decline for the fund so far this year, compared to a 8.9% decline for the MSCI Europe, Australasia, Far East (EAFE) index. However in 2007, the fund gained 19%, versus 11.3% for the EAFE.

Currently, Bill, who recently moved to London to be closer to overseas markets, favors large infrastructure companies, the kind that build roads, bridges and even windfarms.

Meanwhile, the fund has benefited from things Bill has avoided, like troubled Japanese and British banks.

In recent years, the fund has also gotten a boost from the weak dollar. (Fidelity doesn't hedge currency exposure, so a weak dollar translates into higher returns from overseas investments.)

We continue to view International Discovery as a strong core holding for overseas exposure and rate it a *Buy*. ■

FIDELITY SCORECARD - MARCH 31, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Mar.	YTD	2007	1 Year	3 Year	5 Year				
MID-CAP GROWTH FUNDS						Category Averages			-3.1	-15.1	11.5	-8.5	7.0	12.4	1.1
324	FDEGX	Aggressive Growth	1.50%/90 days	18.37	OK to Buy	-5.4	-20.2	18.8	-7.5	6.3	10.4	1.15			
793	FSMGX	Mid Cap Growth	0.75%/30 days	11.72	Sell	-2.2	-13.3	2.4	-12.7	3.0	12.4	1.18			
337	FMCSX	Mid-Cap Stock (closed)	0.75%/30 days	25.39	Hold	-3.7	-13.2	8.2	-11.9	9.1	13.3	1.11			
300	FMILX	New Millennium		25.65	Hold	-1.0	-13.7	16.5	-1.8	9.7	13.3	1.05			
MID-CAP BLEND FUNDS						Category Averages			-2.0	-9.4	8.0	-7.1	8.3	19.7	1.1
122	FLVCX	Leveraged Company Stock	1.50%/90 days	29.48	Hold	-2.6	-8.8	17.9	0.3	12.4	28.3	1.20			
316	FLPSX	Low-Priced Stock (closed)	1.50%/90 days	37.99	Buy	-1.8	-7.6	3.2	-7.1	7.2	17.4	0.93			
398	FSEMXX	Spartan Extended Mkt Index ⁴	0.75%/90 days	34.60	Hold	-1.6	-9.7	5.4	-8.5	7.7	16.1	1.02			
14	FSLSX	Value Strategies		25.46	Buy	-1.9	-11.5	5.6	-13.0	5.8	17.0	1.13			
MID-CAP VALUE FUNDS						Category Averages			-1.8	-10.3	2.4	-13.1	6.3	15.3	1.1
762	FSMVX	Mid Cap Value	0.75%/30 days	14.42	OK to Sell	-3.2	-11.4	2.7	-14.8	5.9	14.8	1.09			
39	FDVLX	Value		68.12	Buy	-0.4	-9.2	2.2	-11.4	6.6	15.8	1.07			
SMALL CAP GROWTH						Category Averages			-2.5	-15.4	12.1	-10.0	6.5	13.0	1.1
1388	FCPGX	Small Cap Growth	1.50%/90 days	13.36	Buy	-3.6	-15.3	16.8	-6.5	7.8	--	1.05			
336	FDSCX	Small Cap Independence	1.50%/90 days	16.84	Hold	-1.4	-15.4	7.3	-13.5	5.3	13.0	1.09			
SMALL CAP BLEND						Category Averages			-1.9	-11.1	4.4	-10.4	6.2	15.4	1.0
340	FSLCX	Small Cap Stock (closed)	2.00%/90 days	15.64	Hold	-0.3	-10.3	7.7	-7.2	6.5	15.4	0.92			
1389	FCPVX	Small Cap Value	1.50%/90 days	11.99	OK to Sell	-3.5	-11.8	1.1	-13.6	5.8	--	1.13			
SPECIALTY FUNDS															
304	FBALX	Balanced		18.18	Buy	-1.8	-7.3	9.0	-2.0	8.0	12.6	0.71			
308	FCVSX	Convertible Securities		26.23	Hold	-2.3	-6.3	16.2	4.0	11.3	12.8	0.84			
1960	FDYSX	Dynamic Strategies		9.08	Hold	-1.1	-4.9	-2.2p	--	--	--	--			
1368	FIREX	International Real Estate	1.50%/90 days	12.25	Hold	-1.3	-8.6	-8.3	-19.8	12.8	--	1.23			
4	FPURX	Puritan		17.60	OK to Buy	-1.3	-7.5	6.2	-3.0	6.1	10.2	0.64			
833	FRIFX	Real Estate Income	0.75%/90 days	9.65	OK to Sell	-3.2	-5.5	-6.5	-13.1	1.6	6.0	0.35			
303	FRESX	Real Estate Investment	0.75%/90 days	27.16	Sell	7.5	4.8	-21.3	-20.6	10.0	17.3	1.65			
1329	FSDIX	Strategic Dividend & Income		11.66	OK to Buy	-1.2	-6.9	3.1	-7.1	6.7	--	0.87			
1505	FSRRX	Strategic Real Return	0.75%/60 days	10.22	Buy	-1.8	2.3	3.8	3.4	--	--	0.28			
311	FIUIX	Utilities		18.20	Hold	1.6	-11.4	10.8	-9.2	11.9	16.5	1.00			
ASSET ALLOCATION FUNDS															
328	FASIX	Asset Manager 20%		12.09	Hold	-0.7	-2.5	4.8	0.5	5.5	6.9	0.19			
1957	FTANX	Asset Manager 30%		9.42	Hold	-0.8	-3.7	-1.9p	--	--	--	--			
1958	FFANX	Asset Manager 40%		9.25	Hold	-1.0	-4.8	-2.6p	--	--	--	--			
314	FASMX	Asset Manager 50%		14.52	Hold	-1.3	-6.4	6.3	-2.6	5.0	7.1	0.49			
1959	FSANX	Asset Manager 60%		8.89	Hold	-1.2	-7.4	-3.5p	--	--	--	--			
321	FASGX	Asset Manager 70%		15.53	Hold	-1.3	-8.6	7.2	-4.3	5.0	8.2	0.69			
347	FAMRX	Asset Manager 85%		12.77	Hold	-1.3	-9.8	7.9	-5.1	7.2	13.6	0.83			
355	FFNOX	Four-in-One Index		28.16	Hold	-0.5	-7.7	6.2	-3.7	7.1	12.4	0.81			
370	FFFBX	Freedom 2000		12.08	Hold	-0.8	-2.3	5.3	1.3	4.8	5.4	0.25			
1312	FFVX	Freedom 2005		11.19	Hold	-1.0	-5.1	7.3	-0.2	6.0	--	0.47			
371	FFFCX	Freedom 2010		14.07	Hold	-1.0	-5.1	7.4	0.1	6.2	8.3	0.49			
1313	FFVFX	Freedom 2015		11.73	Hold	-1.0	-5.9	7.8	-0.6	6.8	--	0.54			
372	FFFDX	Freedom 2020		14.66	Hold	-1.1	-7.3	8.5	-1.3	7.2	10.9	0.67			
1314	FFTWX	Freedom 2025		12.15	Hold	-1.1	-7.8	8.6	-1.9	7.3	--	0.70			
373	FFFEX	Freedom 2030		15.02	Hold	-1.2	-9.1	9.3	-2.7	7.6	12.0	0.81			
1315	FFTHX	Freedom 2035		12.41	Hold	-1.2	-9.3	9.3	-3.0	7.6	--	0.83			
718	FFFFX	Freedom 2040		8.79	Hold	-1.2	-9.7	9.3	-3.3	7.7	12.8	0.86			
1617	FFFGX	Freedom 2045		10.24	Hold	-1.3	-9.8	9.5	-3.2	--	--	0.87			
1618	FFFHX	Freedom 2050		10.26	Hold	-1.3	-10.2	9.8	-3.5	--	--	0.91			
369	FFFAX	Freedom Income		11.19	Hold	-0.8	-1.8	4.8	1.4	4.5	4.8	0.20			
1884	FIRJX	Income Replacement 2016		48.72	Hold	-0.9	-3.4	0.4p	--	--	--	--			
1885	FIRKX	Income Replacement 2018		48.47	Hold	-0.9	-4.0	0.4p	--	--	--	--			
1886	FIRLX	Income Replacement 2020		48.15	Hold	-0.9	-4.5	0.2p	--	--	--	--			
1887	FIRMX	Income Replacement 2022		48.14	Hold	-1.0	-4.8	0.2p	--	--	--	--			
1888	FIRNX	Income Replacement 2024		48.07	Hold	-1.0	-5.1	0.4p	--	--	--	--			
1889	FIROX	Income Replacement 2026		47.88	Hold	-1.0	-5.3	0.2p	--	--	--	--			
1890	FIRPX	Income Replacement 2028		47.92	Hold	-1.0	-5.5	0.2p	--	--	--	--			
1891	FIRQX	Income Replacement 2030		47.72	Hold	-1.1	-5.7	0.2p	--	--	--	--			
1892	FIRRX	Income Replacement 2032		47.70	Hold	-1.1	-5.9	0.2p	--	--	--	--			
1893	FIRSX	Income Replacement 2034		47.60	Hold	-1.1	-6.2	0.3p	--	--	--	--			
1894	FIRUX	Income Replacement 2036		47.63	Hold	-1.1	-6.4	0.3p	--	--	--	--			
1995	FIRVX	Income Replacement 2038		46.47	Hold	-1.2	-4.7	0.2p	--	--	--	--			
2009	FIRWX	Income Replacement 2040		46.47	Hold	-1.1	-4.7	0.3p	--	--	--	--			
1996	FIXRX	Income Replacement 2042		46.45	Hold	-1.1	-4.8	0.3p	--	--	--	--			

FIDELITY SCORECARD - MARCH 31, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Mar.	YTD	2007	1 Year	3 Year	5 Year				
INTERNATIONAL FUNDS						Category Averages			-2.2	-9.9	20.0	5.5	17.5	25.0	1.2
335	FIVFX	Aggressive Int'l	1.00%/30 days	13.47	OK to Sell	-2.2	-11.0	5.2	-10.7	7.6	16.0	0.96			
309	FICDX	Canada	1.50%/90 days	56.81	OK to Buy	-5.4	-7.5	35.0	19.9	20.6	27.5	1.12			
352	FHKCX	China Region	1.50%/90 days	27.03	OK to Sell	-3.6	-13.3	46.3	27.9	23.7	26.5	1.54			
325	FDIVX	Diversified International (closed)	1.00%/30 days	36.06	OK to Buy	-1.3	-9.6	16.0	1.7	14.6	22.2	1.02			
322	FEMKX	Emerging Markets	1.50%/90 days	29.34	Buy	-6.3	-13.3	45.1	21.3	33.0	36.8	1.37			
301	FIEUX	Europe	1.00%/30 days	38.13	OK to Buy	0.1	-9.6	16.4	2.8	15.2	27.1	1.06			
341	FECAX	Europe Capital App	1.00%/30 days	24.00	OK to Buy	0.0	-9.8	14.8	-0.9	17.1	23.7	1.05			
334	FGBLX	Global Balanced	1.00%/30 days	21.66	Hold	0.6	-3.6	13.8	6.4	11.1	15.7	0.59			
2010	FIENX	International Enhanced Index	1.00%/30 days	9.30	Hold	-0.5	-9.1	--	--	--	--	--			
305	FIGRX	International Discovery	1.00%/30 days	38.14	Buy	-2.0	-11.5	19.0	2.1	15.9	23.5	1.02			
1979	FIGFX	International Growth	1.00%/30 days	8.67	Hold	-1.0	-9.3	-2.8p	--	--	--	--			
818	FISMX	Int'l Small Cap (closed)	2.00%/90 days	21.28	Hold	-2.4	-7.9	13.2	-1.6	13.4	29.2	0.99			
1504	FSCOX	Int'l Small Cap Opportunities	2.00%/90 days	13.04	Hold	-5.2	-9.6	3.0	--	--	--	1.25			
1597	FIVLX	International Value	1.00%/30 days	10.40	Buy	-0.7	-9.0	9.5	--	--	--	1.07			
350	FJPNX	Japan	1.50%/90 days	13.08	OK to Sell	-2.8	-8.8	-2.7	-14.9	6.8	14.5	1.07			
360	FJSCX	Japan Smaller Cos (closed)	1.50%/90 days	10.21	Sell	2.8	-7.4	-12.4	-17.5	-3.6	13.0	1.04			
349	FLATX	Latin America	1.50%/90 days	59.49	OK to Buy	-5.3	-4.1	43.7	34.0	44.4	49.0	1.86			
342	FNORX	Nordic	1.50%/90 days	42.08	OK to Buy	-0.7	-7.2	23.2	8.9	22.3	30.8	1.31			
94	FOSFX	Overseas	1.00%/30 days	42.79	OK to Buy	-2.4	-11.6	21.8	4.0	16.3	23.0	1.17			
302	FPBFX	Pacific Basin	1.50%/90 days	25.22	Hold	-5.5	-16.5	25.2	0.1	17.2	22.4	1.18			
351	FSEAX	Southeast Asia	1.50%/90 days	32.37	OK to Sell	-6.2	-18.4	55.4	21.8	30.9	34.4	1.48			
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90 days	43.23	Hold	0.0	-8.6	10.7	-2.8	13.4	21.1	1.00			
1978	FTIEX	Total International Equity	1.00%/30 days	8.55	OK to Buy	-1.7	-9.5	-2.9p	--	--	--	--			
318	FWWFX	Worldwide	1.00%/30 days	19.04	Hold	-0.8	-10.9	18.5	2.0	12.7	18.5	1.04			
SELECT PORTFOLIOS						Category Averages			-2.2	-11.1	11.3	-3.9	8.5	15.1	1.2
34	FSAIX	Air Transportation	0.75%/30 days	34.55	OK to Sell	-7.8	-18.1	-1.9	-22.4	6.0	15.4	1.31			
502	FSAVX	Automotive	0.75%/30 days	33.99	OK to Sell	-0.7	-9.1	0.0	-12.5	2.6	10.9	1.35			
507	FSRBX	Banking	0.75%/30 days	21.96	Sell	-1.3	-10.3	-21.2	-27.2	-5.1	4.4	1.59			
42	FBIOX	Biotechnology	0.75%/30 days	61.26	Hold	-2.1	-8.1	2.7	-1.2	8.2	8.7	0.98			
68	FSLBX	Brokerage & Investment	0.75%/30 days	58.10	Sell	-2.5	-13.7	-0.2	-13.6	12.9	17.9	1.45			
69	FSCHX	Chemicals	0.75%/30 days	79.71	Buy	-2.0	-3.7	28.4	15.7	12.4	21.4	1.29			
518	FSDCX	Communications Equipment	0.75%/30 days	19.23	Hold	-1.4	-14.4	9.8	-8.4	4.0	13.5	1.33			
7	FDCPX	Computers	0.75%/30 days	39.64	Hold	-1.5	-18.0	22.4	0.0	5.9	12.4	1.28			
511	FSHOX	Construction & Housing	0.75%/30 days	33.68	OK to Sell	1.5	-0.5	-13.9	-14.4	0.7	15.1	1.60			
517	FSCPX	Consumer Discretionary	0.75%/30 days	19.33	OK to Sell	-1.9	-8.0	-8.3	-18.8	0.1	6.5	1.11			
9	FDFAV	Consumer Staples	0.75%/30 days	64.91	Buy	2.6	-2.5	21.5	13.1	14.4	16.9	0.66			
67	FSDAX	Defense & Aerospace	0.75%/30 days	76.77	OK to Buy	-4.0	-13.2	17.8	-2.3	11.5	21.1	0.99			
8	FSELX	Electronics	0.75%/30 days	37.44	Hold	0.7	-17.9	4.7	-15.9	0.2	8.9	1.28			
60	FSENX	Energy	0.75%/30 days	62.54	OK to Buy	-3.0	-6.2	45.5	28.3	26.3	30.9	1.48			
43	FSESX	Energy Service	0.75%/30 days	93.16	OK to Buy	0.6	-8.3	55.2	32.6	27.5	29.0	1.63			
516	FSLEX	Environmental	0.75%/30 days	17.33	Hold	-2.1	-10.5	12.4	0.7	9.4	11.7	1.00			
66	FIDSX	Financial Services	0.75%/30 days	82.51	OK to Sell	-2.1	-13.8	-13.6	-24.4	-0.1	7.3	1.47			
41	FSAGX	Gold	0.75%/30 days	41.83	Hold	-9.8	4.9	24.9	31.5	33.2	26.3	1.65			
63	FSPHX	Health Care	0.75%/30 days	106.42	OK to Buy	-6.8	-15.4	12.5	-6.2	5.7	8.0	0.76			
98	FVLX	Home Finance	0.75%/30 days	25.03	Sell	-3.1	-12.4	-38.0	-42.1	-13.7	-2.1	2.02			
510	FSCGX	Industrial Equipment	0.75%/30 days	32.79	Hold	1.0	-8.8	23.2	9.5	12.5	20.4	1.09			
515	FCYIX	Industrials	0.75%/30 days	20.72	Hold	1.1	-7.0	17.7	8.0	12.0	20.9	1.09			
45	FSPCX	Insurance	0.75%/30 days	52.16	Hold	-3.4	-17.1	-4.4	-19.3	1.2	8.9	1.24			
353	FBSOX	IT Services	0.75%/30 days	14.72	Hold	-0.3	-11.9	11.5	-3.7	8.0	13.8	1.07			
62	FDLSX	Leisure	0.75%/30 days	68.44	Hold	-0.9	-11.1	4.2	-8.7	5.9	13.3	1.04			
509	FSDPX	Materials	0.75%/30 days	56.17	Hold	-1.5	-4.0	29.2	13.6	18.8	25.2	1.37			
505	FSHCX	Medical Delivery	0.75%/30 days	38.97	OK to Buy	-13.9	-25.9	16.9	-18.9	1.0	15.8	0.84			
354	FSMEX	Medical Equipment	0.75%/30 days	23.99	Buy	-1.7	-3.5	17.9	8.5	9.0	14.0	0.76			
503	FBMPX	Multimedia	0.75%/30 days	34.00	OK to Sell	-3.7	-9.6	-9.3	-17.6	1.5	9.6	0.94			
513	FSNGX	Natural Gas	0.75%/30 days	49.08	Buy	-1.7	1.2	40.9	28.5	24.1	31.1	1.42			
514	FNARX	Natural Resources	0.75%/30 days	37.38	Buy	-4.2	-6.7	50.1	28.5	29.1	31.6	1.48			
912	FNINX	Networking & Infrastructure	0.75%/30 days	1.91	OK to Sell	-3.0	-23.0	0.4	-22.0	-2.2	5.1	1.25			
506	FSPFX	Paper & Forest	0.75%/30 days	27.60	Hold	-0.1	-11.9	0.8	-15.5	-0.7	5.2	1.23			
580	FPHAX	Pharmaceuticals	0.75%/30 days	9.93	OK to Buy	-5.6	-14.7	13.4	-4.7	8.8	8.4	0.86			
46	FSRPX	Retailing	0.75%/30 days	36.68	Sell	0.3	-10.3	-8.0	-22.3	0.3	10.8	1.35			
28	FSCSX	Software & Computer Svcs	0.75%/30 days	66.57	Hold↓	-0.3	-18.0	23.9	-0.1	12.6	13.6	1.12			
64	FSPTX	Technology	0.75%/30 days	65.81	Hold	-1.3	-19.1	19.8	-6.0	5.7	11.6	1.28			
96	FSTCX	Telecommunications	0.75%/30 days	41.54	OK to Sell↓	-2.7	-20.2	8.2	-18.7	7.8	12.8	1.20			
512	FSRFX	Transportation	0.75%/30 days	44.45	OK to Sell	0.2	-2.8	-0.6	-8.0	6.7	16.7	1.29			
65	FSUTX	Utilities Growth	0.75%/30 days	57.33	Hold	0.4	-10.8	18.1	-4.1	14.7	19.8	1.09			
963	FWRLX	Wireless	0.75%/30 days	6.95	Hold	-3.9	-19.6	27.5	-0.2	10.3	25.6	1.36			

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Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Duration (Years) ²	30-Day Yld. (%)	Tax-Equivalent Yield Federal Tax Bracket						
						Mar.	YTD	2007									
TAXABLE BOND FUNDS						Category Averages			-0.4	1.6	5.1	4.3	3.90				
15	FGMNX	Ginnie Mae		11.04	OK to Buy	0.0	2.2	6.8	3.4	5.00							
54	FGOVX	Government Income		10.65	OK to Buy	0.6	3.9	7.9	4.7	3.70							
794	FINPX	Inflation-Protected Bond ³		11.54	Buy	-0.3	4.8	9.1	6.6	1.11							
32	FTHRX	Intermediate Bond		10.11	OK to Buy	-0.8	0.7	4.0	3.9	4.38							
452	FSTGX	Intermediate Gov't Income		10.57	Buy	0.3	3.8	7.9	3.4	3.51							
26	FBNDX	Investment Grade Bond		7.07	Hold	-1.2	-0.5	2.6	4.6	4.83							
40	FMSFX	Mortgage Securities		10.24	Hold	-1.2	-0.7	-0.4	3.5	5.34							
450	FSHBX	Short-Term Bond		8.42	OK to Sell	-1.6	-1.0	1.7	1.7	4.20							
1561	FIBIX	Sptn Interm Treas Index ⁵		10.95	OK to Buy	1.3	6.1	10.1	6.0	3.13							
1562	FLBIX	Sptn Lng-Term Treas Index ⁵		10.54	Hold	0.9	4.0	9.5	11.2	4.01							
1560	FSBIX	Sptn Sht-Term Treas Index ⁵		10.61	Buy	0.3	3.8	7.9	2.3	1.73							
820	FTBFX	Total Bond		10.30	Buy	-0.4	0.9	4.2	4.4	4.93							
651	FBIDX	U.S. Bond Index		10.96	Hold	0.0	1.8	5.4	4.4	4.54							
812	FUSFX	Ultra-Short Bond	0.25%/60 days	8.31	OK to Sell	-4.1	-7.0	-5.1	0.5	4.15							
HIGH-YIELD BOND FUNDS						Category Averages			-0.1	-1.7	3.8	7.01					
38	FAGIX	Capital & Income	1.00%/90 days	8.17	Hold	-0.9	-4.4	3.8	--	7.61							
814	FFRHX	Floating Rate High Income	1.00%/60 days	9.16	OK to Buy	0.9	-2.9	2.7	--	6.94							
1366	FHIFX	Focused High Income	1.00%/90 days	9.56	Hold	-0.2	-1.7	3.1	--	7.27							
455	SPHIX	High Income	1.00%/90 days	8.29	Hold	0.0	-2.0	2.4	--	8.59							
331	FN MIX	New Markets Income	1.00%/90 days	14.44	Hold	-0.2	0.0	5.7	--	5.90							
368	FSICX	Strategic Income		10.38	Buy	0.1	0.9	5.4	--	5.75							
MUNICIPAL BOND						Category Averages			2.1	0.1	3.7	5.9	3.54	25%	28%	33%	35%
36	FLTMX	Interm Municipal Income	0.50%/30 days	9.92	Buy	1.8	0.5	4.0	5.4	3.44	4.6	4.8	5.1	5.3			
37	FHIGX	Municipal Income	0.50%/30 days	12.30	OK to Buy	2.6	-1.2	3.1	7.7	4.06	5.4	5.6	6.1	6.2			
404	FSTFX	Short-Int Municipal Income	0.50%/30 days	10.41	Buy	1.2	1.7	4.4	3.0	2.62	3.5	3.6	3.9	4.0			
90	FTABX	Tax-Free Bond	0.50%/30 days	10.49	OK to Buy	2.8	-0.9	3.2	7.6	4.03	5.4	5.6	6.0	6.2			
STATE-SPECIFIC MUNICIPAL BOND						Category Averages			2.5	-0.4	3.4	6.7	3.65				
434	FSAZX	Arizona Muni Income	0.50%/30 days	11.02	OK to Buy	3.3	-1.0	2.6	7.8	3.89	5.2	5.4	5.8	6.0			
91	FCTFX	California Muni Income	0.50%/30 days	11.90	OK to Buy	2.8	-1.1	2.9	7.4	3.95	5.3	5.5	5.9	6.1			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30 days	10.20	OK to Buy	1.3	1.4	4.3	3.2	2.84	3.8	3.9	4.2	4.4			
407	FICNX	Connecticut Muni Income	0.50%/30 days	11.17	OK to Buy	2.6	-0.1	3.8	6.7	3.59	4.8	5.0	5.4	5.5			
429	SMDMX	Maryland Muni Income	0.50%/30 days	10.62	OK to Buy	2.6	-0.4	3.0	7.2	3.73	5.0	5.2	5.6	5.7			
70	FDMMX	Mass Muni Income	0.50%/30 days	11.54	OK to Buy	2.7	-0.9	3.3	7.4	3.90	5.2	5.4	5.8	6.0			
81	FMHTX	Michigan Muni Income	0.50%/30 days	11.64	Hold	2.6	0.0	3.7	6.3	3.49	4.7	4.8	5.2	5.4			
82	FIMIX	Minnesota Muni Income	0.50%/30 days	11.10	OK to Buy	2.4	0.1	3.2	6.5	3.57	4.8	5.0	5.3	5.5			
416	FNJHX	New Jersey Muni Income	0.50%/30 days	11.31	OK to Buy	2.6	-0.5	3.7	7.1	3.68	4.9	5.1	5.5	5.7			
71	FTFMX	New York Muni Income	0.50%/30 days	12.47	OK to Buy	2.7	-0.8	3.3	7.7	3.87	5.2	5.4	5.8	6.0			
88	FOHFX	Ohio Muni Income	0.50%/30 days	11.34	OK to Buy	2.6	-0.5	3.6	7.3	3.71	4.9	5.2	5.5	5.7			
402	FPXTX	Pennsylvania Muni Income	0.50%/30 days	10.57	OK to Buy	2.1	-0.5	3.9	6.3	3.62	4.8	5.0	5.4	5.6			
TAXABLE MONEY MARKET						Category Averages			0.2	0.9	4.9	2.74					
55	FDRXX	Cash Reserves		1.00	--	0.26	0.95	5.06	na	3.08							
631	FGMXX	Retirement Government MM		1.00	--	0.23	0.87	4.93	na	2.62							
630	FRTXX	Retirement MM		1.00	--	0.26	0.93	5.12	na	3.03							
458	SPAXX	Government MM		1.00	--	0.23	0.86	4.90	na	2.54							
454	SPRXX	Money Market		1.00	--	0.26	0.93	5.09	na	3.08							
85	FSLXX	Select MM		1.00	--	0.27	0.96	5.14	na	3.19							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.24	0.88	4.97	na	2.67							
415	FDLXX	US Treasury MM		1.00	--	0.16	0.63	4.38	na	1.72							
MUNICIPAL MONEY MARKET						Category Averages			0.2	0.6	3.4	1.87					
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.18	0.59	3.43	na	1.81	2.4	2.5	2.7	2.8			
10	FTEXX	Municipal Money Market		1.00	--	0.19	0.58	3.34	na	1.93	2.6	2.7	2.9	3.0			
275	FMOXX	Tax-Free Money Market		1.00	--	0.18	0.57	3.30	na	1.86	2.5	2.6	2.8	2.9			
STATE MUNICIPAL MONEY MARKET						Category Averages			0.2	0.6	3.3	1.79					
433	FSAXX	Arizona		1.00	--	0.17	0.54	3.26	na	1.68	2.2	2.3	2.5	2.6			
457	FSPXX	California AMT Tax-Free		1.00	--	0.18	0.59	3.39	na	1.94	2.6	2.7	2.9	3.0			
97	FCFX	California		1.00	--	0.17	0.53	3.20	na	1.70	2.3	2.4	2.5	2.6			
418	FCMXX	Connecticut		1.00	--	0.19	0.57	3.25	na	1.85	2.5	2.6	2.8	2.8			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.18	0.57	3.39	na	1.82	2.4	2.5	2.7	2.8			
74	FDMXX	Massachusetts		1.00	--	0.17	0.53	3.20	na	1.60	2.1	2.2	2.4	2.5			
420	FMIXX	Michigan		1.00	--	0.17	0.54	3.21	na	1.74	2.3	2.4	2.6	2.7			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.19	0.60	3.41	na	1.88	2.5	2.6	2.8	2.9			
417	FNJXX	New Jersey		1.00	--	0.18	0.56	3.23	na	1.73	2.3	2.4	2.6	2.7			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.18	0.57	3.39	na	1.94	2.6	2.7	2.9	3.0			
92	FNYXX	New York		1.00	--	0.17	0.52	3.22	na	1.67	2.2	2.3	2.5	2.6			
419	FOMXX	Ohio		1.00	--	0.18	0.54	3.22	na	1.78	2.4	2.5	2.7	2.7			
401	FPTXX	Pennsylvania		1.00	--	0.19	0.58	3.25	na	1.99	2.7	2.8	3.0	3.1			

Tax-equivalent yields for state funds assume top state (and city) tax level for that federal bracket, and itemized deductions.

FIDELITY SCORECARD - MARCH 31, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
						Mar.	YTD	2007	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS												
9077	FQBRC	Fid VIP Aggressive Growth		10.36	OK to Buy	-5.6	-20.5	17.1	-9.0	--	--	1.20
9067	FLRQC	Fid VIP Asset Manager		11.94	Hold	-2.0	-5.1	15.1	7.1	6.9	8.1	0.63
9066	FAEEC	Fid VIP Asset Manager: Growth		12.00	Hold	-2.4	-7.1	18.5	7.8	7.2	9.4	0.87
9069	FJBAC	Fid VIP Balanced		11.67	Buy	-1.7	-7.4	8.6	-2.3	5.5	7.1	0.72
9081	FVHAC	Fid VIP Consumer Discretionary	1.00%/60 days	9.51	OK to Sell	-1.8	-8.1	-8.5	-19.0	-2.1	5.0	1.23
9171	FCSAC	Fid VIP Consumer Staples	1.00%/60 days	10.86	Buy	2.6	-2.3	11.6p	--	--	--	--
9065	FPDFC	Fid VIP Contrafund		12.29	Hold	-1.0	-11.7	17.2	1.9	9.3	14.4	0.98
9148	FPRGC	Fid VIP Disciplined Small Cap		8.86	Buy	-0.6	-10.2	-2.7	-14.6	--	--	1.39
9074	FZAMC	Fid VIP Dynamic Capital App		11.52	Buy	-3.9	-12.9	6.6	-9.2	8.6	--	1.20
9085	FJLLC	Fid VIP Energy	1.00%/60 days	17.28	OK to Buy	-3.2	-6.6	45.5	27.6	25.9	29.5	1.48
9061	FLOLC	Fid VIP Equity-Income		11.21	Buy	-1.1	-9.7	1.1	-9.7	4.7	11.4	1.13
9083	FONNC	Fid VIP Financial Services	1.00%/60 days	9.27	OK to Sell	-1.9	-13.3	-13.8	-24.2	-0.5	6.9	1.51
9157	FMPAC	Fid VIP FundsManager 20		10.87	Hold	-0.3	-1.6	5.8	2.2	--	--	0.19
9158	FMPBC	Fid VIP FundsManager 50		10.70	Hold	-0.7	-5.3	6.8	-1.0	--	--	0.50
9159	FMPCC	Fid VIP FundsManager 70		10.57	Hold	-1.0	-7.9	7.5	-3.2	--	--	0.75
9160	FMPDC	Fid VIP FundsManager 85		10.46	Hold	-1.3	-9.8	8.4	-4.6	--	--	0.92
9062	FMNDC	Fid VIP Growth		11.94	Buy	-2.8	-13.6	26.5	7.8	7.8	10.9	1.10
9070	FLFNC	Fid VIP Growth & Income		11.82	Hold	-0.5	-10.5	11.8	-1.4	6.5	9.1	1.03
9068	FIDPC	Fid VIP Growth Opportunities		11.28	OK to Sell	-2.7	-17.6	22.7	-3.5	4.1	8.9	1.37
9078	FPVDC	Fid VIP Growth Stock		10.80	OK to Buy	-1.5	-14.9	22.1	2.8	--	--	1.33
9084	FPDRC	Fid VIP Health Care	1.00%/60 days	10.18	OK to Buy	-7.0	-15.6	9.7	-8.5	3.7	6.6	0.78
9060	FBBLC	Fid VIP High Income		11.23	OK to Sell	0.2	-2.2	2.3	-2.4	4.7	7.7	0.18
9064	FXVLT	Fid VIP Index 500		11.18	Hold	-0.5	-9.5	5.2	-5.4	4.6	10.1	1.04
9082	FBALC	Fid VIP Industrials	1.00%/60 days	13.22	Hold	1.1	-7.1	17.8	8.0	11.2	20.3	1.22
9076	FVJIC	Fid VIP Int'l Capital App	1.00%/60 days	11.44	Hold	-2.3	-11.0	4.8	-11.3	--	--	0.98
9090	FBKQT	Fid VIP Investor Freedom 2005		11.55	Hold	-0.8	-4.8	8.3	1.0	--	--	0.46
9091	FCRJT	Fid VIP Investor Freedom 2010		11.54	Hold	-0.8	-4.9	8.4	0.9	--	--	0.47
9092	FTCMT	Fid VIP Investor Freedom 2015		11.74	Hold	-0.8	-5.7	9.0	0.6	--	--	0.54
9093	FTEMT	Fid VIP Investor Freedom 2020		11.80	Hold	-1.0	-7.2	9.9	-0.4	--	--	0.67
9094	FVIIT	Fid VIP Investor Freedom 2025		11.85	Hold	-1.0	-7.6	10.1	-0.6	--	--	0.71
9095	FXJLT	Fid VIP Investor Freedom 2030		11.91	Hold	-1.0	-8.9	11.0	-1.4	--	--	0.84
9089	FBXOT	Fid VIP Investor Freedom Income		11.26	Hold	-0.3	-1.5	5.8	2.6	--	--	0.18
9063	FTLKC	Fid VIP Investment Grade Bond		10.99	Buy	-0.4	1.0	4.0	3.7	3.6	3.3	0.27
9172	FVMAC	Fid VIP Materials	1.00%/60 days	10.99	Hold	-1.4	-3.6	14.7p	--	--	--	--
9071	FNBSC	Fid VIP Mid Cap		12.46	Buy	-2.8	-9.8	15.2	1.1	10.0	19.5	1.03
9059	FTNJC	Fid VIP Money Market		11.21	--	0.3	0.9	4.9	4.6	3.9	2.5	0.02
9088	FEMMC	Fid VIP Overseas	1.00%/60 days	13.70	Hold	-1.1	-10.1	16.9	0.7	13.5	--	1.08
9072	FFWKC	Fid VIP Real Estate		11.97	Sell	6.4	2.6	-18.0	-18.3	8.8	--	1.74
9075	FGDQC	Fid VIP Strategic Income		11.54	Buy	0.2	0.9	5.3	4.6	5.5	--	0.14
9086	FYENC	Fid VIP Technology	1.00%/60 days	10.73	Hold	-1.6	-19.7	14.9	-9.1	5.7	11.5	1.49
9173	FVTAC	Fid VIP Telecommunications	1.00%/60 days	7.89	OK to Sell↓	-2.8	-20.4	-1.1p	--	--	--	--
9087	FXRRC	Fid VIP Utilities	1.00%/60 days	14.11	Hold	0.6	-10.8	20.2	-3.1	14.3	19.3	1.07
9079	FKMSC	Fid VIP Value		10.84	Buy	-0.5	-9.3	1.7	-11.7	--	--	1.18
9080	FUEBC	Fid VIP Value Leaders		11.29	Buy	-1.4	-9.4	4.2	-7.8	--	--	1.15
9073	FRBSC	Fid VIP Value Strategies		11.06	Buy	-2.0	-11.7	5.3	-13.4	4.3	--	1.25
9147	FPRLC	Lazard Retirement Emerging Mkts		13.69	Hold	-4.1	-7.0	33.3	20.3	--	--	1.20
9143	FPRMC	Morgan Stanley Emerg Mkt Debt		11.49	Hold	-0.6	-0.3	6.3	3.8	9.0	10.8	0.25
9144	FPRNC	Morgan Stanley Emerg Mkt Equity		13.46	Buy	-5.6	-14.2	40.1	17.5	28.3	33.3	1.49
9145	FPROC	Morgan Stanley Gbl Value Equity		10.56	OK to Buy	-1.6	-10.7	6.4	-7.1	6.0	13.9	1.00
9146	FPRPC	Morgan Stanley Int'l Magnum		11.48	Buy	0.3	-8.4	14.3	0.7	12.3	18.1	1.10
9174	FMCCC	Strategic Advisors Mid Cap Value		8.54	Hold	-1.4	-9.0	-6.3p	--	--	--	--
9175	FSCCC	Strategic Advisors Small Cap		8.19	Hold	-1.4	-10.8	-8.5p	--	--	--	--

Annuity Growth Model	
Fund	Allocation
Fidelity VIP Growth	27%
Fidelity VIP Strategic Income	27
Fidelity VIP Value Leaders	19
Morgan Stanley Int'l Magnum	12
Fidelity VIP Value Strategies	10
Fidelity VIP Energy	5
Total Returns: Mar: -1.3% YTD: -8.0%	

Annuity Growth & Income Model	
Fund	Allocation
Fidelity VIP Growth	28%
Fidelity VIP Investment Grade	26
Fidelity VIP Strategic Income	22
Fidelity VIP Value Leaders	11
Fidelity VIP Value Strategies	8
Morgan Stanley Int'l Magnum	5
Total Returns: Mar: -1.2% YTD: -6.4%	

Annuity Income & Preservation Model	
Fund	Allocation
Fidelity VIP Investment Grade	31%
Fidelity VIP Money Market	22
Fidelity VIP Strategic Income	17
Fidelity VIP Value Leaders	16
Fidelity VIP Growth	9
Fidelity VIP Value Strategies	5
Total Returns: Mar: -0.6% YTD: -3.1%	

ALTERNATIVE FUNDS

Strategic Real Return Gets The Job Done

Strategic Real Return opened for business in early September of 2005. Three weeks later, we put it in three of our model portfolios (all except the Aggressive Growth Model).

Since then, as the graph shows, the fund has met its goal of providing a return ahead of inflation, while helping to dampen the volatility (risk) of the three models. In fact, it has been far less volatile than the S&P 500 while delivering nearly the same return.

Strategic Real Return is a mix of four distinct asset classes (with “neutral” weights) as follows:

- **Treasury inflation-protected securities** (30%). The principal value of TIPS is adjusted twice a year based on changes in the Consumer Price Index-Urban (CPI-U). This portion may also include corporate and international inflation-linked bonds.

- **Commodity-linked notes** and related investments (25%). Commodity prices also have a positive correlation with inflation. That is, they typically rise or fall with inflation. Also, they tend to have a low correlation with stocks, which makes them useful for portfolio diversification.

- **Floating-rate bank loans** (25%). These are short-term, lower-quality — high-yield — corporate debt instruments. Their payments, or coupons, “float” based on a benchmark for short-term loans, such as those among banks.

- **Real estate**, includes both equity in the form of REITs (real estate investment trusts), as well as real estate-related fixed-income securities (20%). These latter securities are typically issued by smaller companies,

with somewhat lower credit quality. However, they also offer reasonably high yields and tend to keep pace with inflation due to changes in rents.

Strategic's Strategy

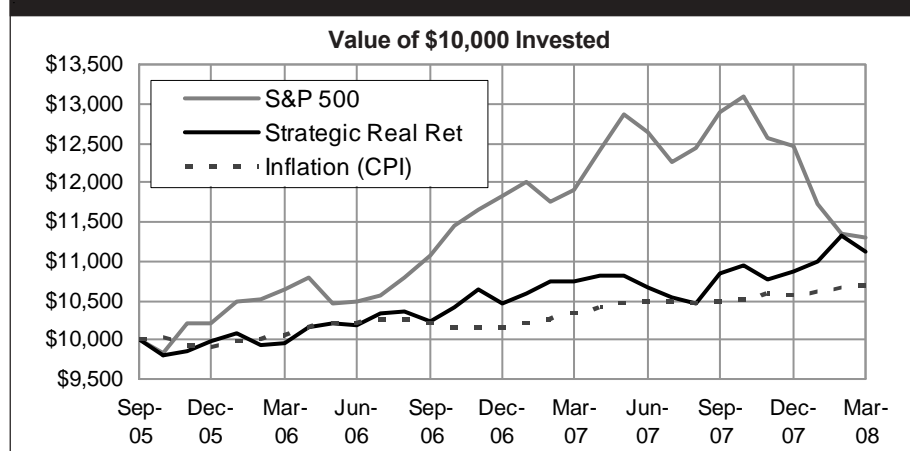
Recently, we spoke with Derek Young who has been managing the fund since its inception. Derek's main job on Strategic Real Return is to manage the allocation among the four asset classes, as well as the fund's cash exposure. The other managers — Bill Irving on TIPS, Mark Snyderman and Sam Wall on real

weight those two areas as well.

One Concern

Because the commodity futures contracts they buy are levered 3-1 (i.e. \$1 buys \$3 worth of exposure) Derek “de-leverages” those investments by investing \$2 in cash-like investments for every \$1 in commodities. That cash had been going into Fidelity's Ultra-Short Central Fund (16% of the fund at last report). As discussed in the March *Insight*, Ultra-Short Central has had significant exposure to the troubled subprime mortgage market.

STRATEGIC REAL RETURN SINCE PURCHASE



estate and Eric Mollenhauer on floating-rate loans — pick the individual securities for the fund. The commodities portion is managed by Fidelity's Geode Capital Management that also manages several Fidelity index funds.

Since last summer, the fund has been favoring TIPS and commodities at the expense of real estate and floating-rate debt. “The way I manage the fund is to think about inflation expectations and which asset classes may do well in an inflationary-type environment,” he says. “Going into the credit crisis last summer, we felt that inflation expectations would show up best in the TIPS bucket, as well as the commodities bucket, where we were already seeing some pressure, with all the global growth scenarios we were seeing.”

And, given the fact that real estate had already “had a terrific run,” and that the credit markets were weakening, it made sense to under-

Today Derek says this money goes “straight to cash”, and the exposure to Ultra-Short Central is steadily declining. Derek estimates that Central-fund exposure shaved less than half a percent off the fund's total return.

Derek's Current Moves

In recent weeks, Derek has been reducing the fund's exposure to TIPS and commodities, in spite of the fact that he still likes those sectors. Rather, he says, the valuations on them may be getting a bit high (TIPS for example were trading at negative yields), so “it makes a lot of sense to lighten TIPS and commodities exposure and add to the cheaper asset classes.” Right now, that means primarily adding to floating-rate notes (buying on dips), but he is examining real estate for opportunities as well.

Strategic Real Return's unique mix of assets continues to make it an attractive diversifier for our models. ■

STRAT REAL RETURN

Portfolio Composition 1/31/08

Inflation-Indexed Investments	29.2%
Commodity-Linked Notes	24.6
Floating-Rate High Yield	19.7
Real Estate Investments	17.5
Cash & Other Assets	9.0
Futures, Options & Swaps	1.4

How 'Foreign' Is Your Domestic Stock Fund?

When you invest in a domestic stock fund, you're probably making the reasonable assumption that you're getting exposure to U.S. stocks.

But many funds are free to invest a portion of their assets outside of our borders. With the attractive returns from overseas in recent years, it's not surprising that many managers have taken advantage of that freedom.

That said, there's nothing necessarily wrong with a fund manager investing abroad, as long as his or her firm has the on-the-ground resources to do complete security analysis.

However, it is important to be aware of these exposures in building your own portfolio, lest you end up with more foreign exposure than you think you are getting.

This is particularly important now for a couple of related reasons. First, as noted, the strong returns on foreign stocks (the MSCI EAFE international index has beaten the S&P 500 for seven straight years) have resulted in many U.S. fund managers holding bigger than normal positions overseas. Secondly, valuations on foreign stocks are not nearly as attractive as they were seven years ago when their run began (and when most domestic funds had little if anything abroad).

That is one of the factors that leads us to be less enthusiastic about foreign exposure this year. Another is the U.S. dollar. Since 2000, a fairly steady decline in the value of the dollar accounted for a good share of the out-performance of foreign stocks — something we don't think members should count on every year. If a fund does not hedge its currency exposure (and Fidelity's do not) and the dollar declines against the currencies of its foreign holdings, that fund's returns are boosted by the amount of the dollar's decline. In fact, in 2007, the actual return of the EAFE index in local currencies was only 3.5% — less than the S&P 500's 5.5%. It was the

Fund	% Frgn
Low-Priced Stock	32.6
Contrafund	25.6
Magellan	25.0
Independence	24.9
OTC	22.1
Growth Discovery	21.4
Capital Appreciation	20.3
Value Strategies	17.6
Growth Company	17.1
Large Cap Stock	16.4
Blue Chip Growth	15.5
Small Cap Growth	13.9
Balanced	11.1
Value Discovery	11.0
Value	10.0
Equity-Income	8.9
Dividend Growth	4.4
Mega Cap Stock	4.1

dollar's drop of around 8% that pushed the EAFE's return in dollars to 11.3%.

In our Model Portfolios, we take into account how much our "domestic" funds have overseas in calculating their overall foreign exposure, and you should do the same. As a guide, in the table above, we provide the foreign stock exposures (as of January 31, 2008) of the equity funds in our Model Portfolios, as well as some other popular funds.

Using our Growth Model as an example, at around 10% of assets, **International Discovery** is the only international fund in the model, so that might appear to be the model's foreign exposure. But **Growth Company**, (a 30% position) has roughly 17% invested abroad, adding roughly 5% to the model's foreign exposure. Add in some "bits" from other funds, such as the 8.9% foreign stake in **Equity-Income**, and the model's overall foreign exposure is actually about 18%.

We still have a good amount of international exposure in our models, but due to the concerns mentioned, we are not emphasizing foreign stocks to the degree we have in recent years. With many domestic fund managers currently holding significant positions overseas, it pays to know what you really own so you don't inadvertently overemphasize this area in your own portfolio. ■

A Great Year For Fidelity Funds

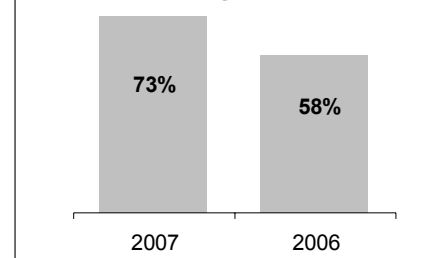
If you're inclined to believe the newspapers, 2007 was a tough year for Fidelity. After all, in the race for investors' assets, Fidelity trailed American and Vanguard funds.

While it's true that Fidelity's stock funds experienced \$18 billion in outflows last year (although overall assets rose 17% to \$1.4 trillion, thanks to a strong market and \$40 billion in net inflows — most going into money market funds), that's not the "race" that interests us the most. More important is the impressive performance of Fidelity's funds.

Overall in 2007, 73% of Fidelity funds (on an asset-weighted basis) beat their peers. This is up from a respectable 58% a year earlier. Notably, all varieties of Fidelity funds

FIDELITY ON A ROLL

All Fidelity Funds % of Peers Beaten (asset weighted basis)



improved their performances last year, except one: corporate bond funds.

The culprit for tripping up bond-fund returns was Fidelity's modest exposure to subprime mortgages. Even so, performance was hardly disastrous, as 46% of their funds beat their peers, although that's down sharply from 75% in 2006.

But the sun shone brighter on other areas. Domestic stock funds outperformed 70% of rival funds. With year-end assets of \$45 billion, it was quite helpful that the newly reopened **Magellan** returned 18.8% last year, while the 19.9% return scored by the closed **Growth Company** (which had

Fidelity cont'd on page 12

\$37 billion in assets) was also beneficial. And, **Contrafund**, Fidelity's largest stock fund, with \$81 billion, posted a 19.8% return last year.

And it wasn't just Fidelity's diversified funds that were strong last year. The firm's Select funds benefited mightily from a reorganization that has allowed analysts and portfolio managers to become expert in one narrow industry. This specialization bore fruit in 2007 as 78% of these funds beat their peers, up from 34% a year ago.

While Fidelity's stock-picking prowess was in evidence in the U.S., its overseas-stationed analysts and fund managers also did well. Thanks to stellar performances by **International Discovery** and **Overseas** (up 19% and 21.8%, respectively), their foreign stock funds beat 72% of their peers, up from just 20% in 2006.

On the fixed-income front, as noted, it wasn't a great year for investment-grade bond funds. However, Fidelity's Treasury and government bond funds were competitive, while 81% of Fidelity's muni funds and 82% of their high-yield funds beat their respective peers.

Finally, as investors sought the comparative safety of money market funds, there were few better places to shelter assets than at Fidelity — and that apparently was no secret. A tidy \$87 billion flowed into their money market funds, and — once again — they didn't disappoint. In fact, for the twelfth consecutive year, Fidelity's money funds beat at least 80% of their peers (84% 2007, compared to 83% in 2006).

While there are no guarantees that Fidelity shareholders' good fortunes will continue, the firm's two-year-old restructuring appears to have taken hold and is bearing some ripe fruit. ■

Inside Fidelity

New International Fund — Fidelity has added another offering to its lineup of three "enhanced" index funds. The funds seek to beat their respective benchmarks by using computer-driven models to invest some 20% of the funds' assets in stocks Fidelity hopes will outperform the benchmark. The new fund, **International Enhanced Index**, will use 80% of its assets to mirror the stock allocations in the MSCI EAFE index. It is managed by Geode Capital Management, which runs the firm's other index funds. We've added the fund to our *Scorecard*, and rated it a *Hold*.

Proxy Vote Fails — A shareholder proposal seeking to have Fidelity funds avoid stocks of companies that may contribute to genocide failed when over 70% of the owners of two funds, **Capital & Income** and **Select Health Care**, voted against it. Voting results for other funds, including **Contrafund**, were postponed as not enough votes were cast.

DIVIDEND UPDATE

In addition to monthly dividends paid by bond and money market funds, Asset Mgr 20% and Freedom Inc, below are funds that are also expected to pay dividends and/or capital gains in April:

Asset Mgr 50%, Balanced, Convertible Securities, Equity-Income I & II, Fidelity Fund, Four-In-One Index, Growth & Income, Mega Cap Stock, Puritan, Spartan Ext Mkt Index, Spartan Int'l Index, Spartan Total Mkt Index, Strategic Dividend & Income, Utilities.

The final distributions for March were as follows:

Fund	ex-date	Amt (\$)	NAV
Equity-Income	3/7	0.85	47.91
Real Estate Inc	3/7	0.07	9.66
Real Estate Invest	3/7	0.05	24.84

SEC Settlement — Fidelity agreed to pay \$8 million to settle SEC charges that grew out of a three-year-old case in which the firm's traders were accused of improperly receiving gifts and trips from brokers seeking Fidelity's business. The company previously reimbursed its funds by some \$42 million after the incident. Former **Magellan** manager Peter Lynch was also individually fined for accepting free tickets to sporting events and music concerts. Since the trading abuses came to light in 2005, Fidelity has moved aggressively to fix the problems, including dismissing or disciplining employees, tightening gift policies and adding oversight. While this case was regrettable, I am confident Fidelity has taken the steps necessary to keep it from happening again. ■

Message To Members

With April 15th around the corner, now is a great time to deal with two of the most unpleasant, but inevitable, facts of life; death and taxes. On the subject of death, my advice is simple: Have a will prepared, or review your "outdated" will with a qualified estate attorney. (Don't use a real estate attorney who is trying to supplement his/her quickly shrinking billable hours!)

When it comes to taxes, I'm of the firm belief that capital gains tax rates will be going up over the next several years. I'm not suggesting that you recognize all those unrealized gains you've built up following one of our **Insight** model portfolios. But, you should at least understand the implications of deferring versus recognizing gains and losses in your portfolio.

Sincerely,



Eric M. Kobren

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